

TELEGRAM

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Control: POA 451

Date: June 19, 1967

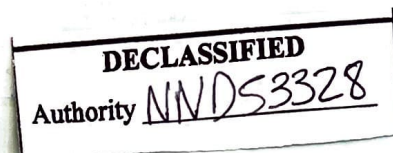
TO: Secstate WASHINGTON

" Amembassy RIO DE JANEIRO

" BRASILIA

NO: Porto Alegre 451.

Subject: ARENA Split Widens



1. Tensions within ARENA and between party and Governor Walter Perrachi Barcellos surfaced June 17 with resignation Secretary Interior and Justice Solano Borges. Solano will now resume seat in Legislative Assembly and will continue as President of ARENA for Rio Grande do Sul.
2. Proximate cause Solano's resignation petty procedural dispute. Chiefs of Cabinet and other second drawer officials had formed ad hoc pressure group and sought meeting with Governor. Solano denied permission saying his office correct channel. While Solano out of town and without consulting him Perrachi received group.
3. Basic cause deep split in ARENA between Perrachi followers and followers of Tarso Dutra. Unable to solve dilemma of confronting MDB majority with own party divided Perrachi has relied increasingly on clique of personal advisers and circumvented or ignored official party leadership. Solano whose job it was to resolve party split has been unable or unwilling to do so. Last week Perrachi formalized split by naming Deputy Ariosto Jaeger to be his official spokesman in Assembly instead of Ari Delgado, ARENA floor leader, who is Tarso man.

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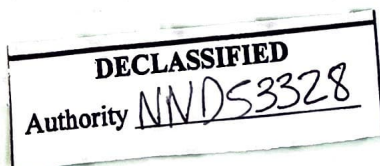
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4. Critical condition state finances also a factor. Motive formation ad hoc group was to pressure for funds to run state machinery. Solano himself has made financial commitments to dependencies his Department which he unable to meet, and other secretaries facing similar problems.

5. Solano's resignation may start chain reaction leading to further resignations or dismissals. Secretaries of Agriculture, Fazenda, and Education have long been hovering on brink, and Secretary of Security under strong pressure from Assembly where Perrachi cannot protect him.

6. Solano to be replaced by Danton Oliveira, retired Superior Court Judge. Bio data follows.

HEWITT



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